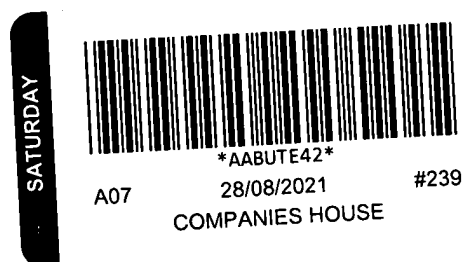


Skipton Business Finance Limited

**DIRECTORS' REPORT, STRATEGIC REPORT
AND FINANCIAL STATEMENTS
31 DECEMBER 2020
Registered number 4171724**



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Directors' report

The directors present their directors' report, strategic report and financial statements for the year ended 31 December 2020.

Directors

The directors who served during the year were as follows:

C A Goold (Chairman)
G M Bell
A P Grantham
A D Hill
A W Nelson

G Bowie was appointed as a director of the Company on 1 January 2021.

Proposed dividends

An interim dividend of £nil (2019: £1,142,000) and a final dividend of £1,840,626 (2019: £1,314,000) was declared and paid on 01 December 2020. These dividends were declared based on the distributable reserves at the time.

Policy and practice on payment of creditors

The Company's policy concerning the payment of suppliers for the next financial year is to agree terms of payment in advance and to make the payment in accordance with agreed terms and any other legal obligations. As at 31 December 2020 creditor days were 31 days (2019: 29 days).

Financial instruments

The financial risk management objectives and policies of the Company and the exposure of the Company to interest rate risk, credit risk and liquidity risk are detailed in Note 15 to the financial statements.

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Political donations

There were no political donations made or political expenditure incurred during the 2020 financial year (2019: £nil).

Going concern

The financial statements of the Company have been prepared on a going concern basis, which the directors believe to be appropriate. Based on the performance and expected outlook for the business, including consideration of the Coronavirus outbreak and ongoing Brexit arrangements as detailed in the strategic report, the directors are satisfied that the Company has adequate resources to continue to trade for the foreseeable future.

By order of the board



J J Gibson (Company Secretary)
Skipton Business Finance Limited
The Bailey
Skipton
North Yorkshire
BD23 1DN
18 March 2021

Strategic report

Principal activities and business review

The principal activity of Skipton Business Finance ("the Company") is debt factoring and invoice discounting. There have not been any significant changes in the Company's principal activity during the year and the directors are not aware of any planned major changes in the Company's activity in the next year.

As a wholly owned subsidiary, the governance structure of the Company is managed within the Skipton Building Society Group. The directors have had regards to the matters set out in section 172(1) of the Companies Act 2006 and details of stakeholder engagement relevant to the Company are set out on in the Strategic report and the Governance report within the Skipton Building Society Group Annual Report and Accounts.

Objectives

The Company aims to be the first-choice invoice finance provider for small and medium sized enterprises ('SMEs') in each of our local regions delivering a quality, value for money service to our clients in a transparent and honest manner. The Company aims to provide SMEs with the financial support to enable each client to fulfil their potential and in turn go on to create wealth and employment in their home region.

Strategy

The Company will continue to provide factoring and invoice discounting services to UK based entities. Factoring client annual turnover is predominantly between £250k to £5m whereas the annual turnover for Invoice Discounting clients is between £5m to £50m. Services are offered to new start entities where the proposed management team can demonstrate a knowledge and success in the market that they wish to operate in and have a supporting business case to outline their key objectives.

Our strategy is built around delivering a local service to clients via our regional centres in Bracknell, Leeds, Manchester and Birmingham. Each regional office benefits from housing all client facing risk management and new business teams thereby allowing clients to receive both a local and agile service.

Our people continue to be central to our strategy, by having a highly engaged and motivated workforce we continue to provide a leading service to clients across the UK.

Principal risks and uncertainties

The principal financial risks and uncertainties faced by the Company are interest rate risk, credit risk and liquidity risk.

Interest rate risk is the risk of loss arising from adverse movements in market interest rates. The Company's exposure to interest rate risk is managed by the Company's ultimate parent, Skipton Building Society, on a group basis, and full details for the group are contained within the group annual report and accounts. The Company's exposure to interest rate movements is mitigated by linking financial assets and liabilities to the same reference rate.

The Company is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due and makes provision for loss allowances as set out in note 1(m) to the financial statements. Management carefully manages its exposure to credit risk through rigorous due diligence controls and procedures, close client relationships and regular client account monitoring, enhanced by individual debtor exposure monitoring (concentration limits) and credit assessment via third party credit reference agencies to set appropriate debtor exposures. The carrying amount of advances to clients (see note 9) represents the maximum credit exposure.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk is managed by the Company's ultimate parent, Skipton Building Society, on a group basis, and full details for the group are contained within the group annual report and accounts. Liquidity is managed at Company level by monitoring the Company's internal funding requirements to ensure sufficient funds are available for projected business needs.

The Company is also exposed to other risks which can be categorised as reputational, operational and compliance.

Reputational risk is the risk to earnings, liquidity or capital arising from negative market or public opinion. Reputational risk can impact on our ability to attract new clients and also retain existing business and this is mitigated by raising the

Strategic report (continued)

Principal risks and uncertainties (continued)

awareness of the potential for reputational damage across the business as a whole. Treating clients fairly is part of our core values, borne out by high approval ratings in our annual client satisfaction survey results.

Operational risk is the risk of financial loss or reputational damage arising from inadequate or failed internal processes, systems or human error. Operational risk is managed through participation in the group's operational risk framework and related policies, robust corporate governance, credit committee approval on all new clients (minimum of two signatories) and adherence to Skipton Business Finance's credit policy. Risks are further mitigated by regular client audits and ongoing operational risk monitoring/management, both areas of which report directly to the Managing Director. In addition to the executive management oversight and corporate governance, further assurance is provided by regular internal audits on a scheduled risk basis as agreed with Skipton Building Society.

Compliance risk, which includes anti-money laundering, data protection and other applicable laws, is mitigated by ensuring adherence to group policies, supported by the group compliance functions, with regular compliance reviews on a scheduled risk basis as agreed with Skipton Building Society.

The Coronavirus outbreak has had an adverse impact on new business, client attrition, loan impairment and advances to clients during the financial year. However, despite the regional measures and UK wide lock down introduced to combat the pandemic both the Company and the client base has remained resilient with a strong profit before tax of £3.6m (2019: £3.9m) being reported at the balance sheet date. The Company is accredited to provide both the Government backed Coronavirus Business Interruption Loans (CBILS – 80% Government backed) and Bounce Back Loans (BBLS – 100% Government backed) providing over £6.6m of funding to existing and new clients during the financial year. The Company was able to quickly and successfully transition from office based working to home working with internal controls and client service being largely unaffected. The Company through its dedicated regional relationship managers is well set up to continue proactively working with clients to identify potential recoverability issues and options quickly. Whilst the full impact of the Coronavirus pandemic remains unknown, the roll out of a number of vaccines provides optimism that the frequency and scale of lockdowns and regional measures will lessen during 2021.

The board has also considered the impact of Brexit following finalisation of the UK and EU partnership agreement. The board has considered the potential impact on solvency, profitability and other factors that may threaten the long-term viability of the business, and any implications for the going concern basis of the financial statements. Given the low value advanced to clients in Euros, the low level of client export ledgers and the Company's focus on credit risk management among other considerations, the board is confident that the Company has a robust business model that is able to adapt to the agreement reached with the EU.

Our assessment is that the Company has the resources needed to continue its operations even if social distancing and non-critical company closures continue throughout 2021. Whilst the full impact of Coronavirus and the Brexit agreement is unknown at the date of approval of these financial statements, the Directors have concluded that the Company has adequate resources to continue in operational existence to 18 March 2022 which is at least 12 months from the date of approval of these financial statements. The Company is reliant on its ultimate parent, Skipton Building Society, for its funding and as such the Society's response to this uncertainty is pivotal, which is to provide guaranteed support to the 18 March 2022 which is at least 12 months from the date of approval of these financial statements and to maintain strong capital and liquidity positions. The recent Internal Capital Adequacy Assessment Process demonstrated that the Society is appropriately placed to deal with a severe economic stress.

Strategic report (continued)

Section 172 Report

This statement sets out, in accordance with section 414CZA of the Companies Act 2006, how the Directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 when performing their duties. The Directors consider that they have acted in a way that they believe is most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in section 172(1)(a-f) of the Companies Act 2006 in the decisions taken during the year.

As a wholly owned subsidiary within the Skipton Building Society Group and in line with the duty to promote the success of the Company for the benefit of its shareholder, the Company must also have regard to the overall strategy and direction of the Group. Any decisions are considered from the perspective of the Company, ensuring that the decisions are beneficial to its stakeholders as well as having regard to the long-term sustainable success of the Group as a whole.

Each year the Board reviews and assesses the Company's strategy, identifying changes to future strategic direction as required. In order to achieve its strategic aims the Board must take into account the needs of its stakeholders and the impact the Company may have on them. The Board recognises that effective engagement with stakeholders is important and helps to ensure that the Company continues to provide services and products that its customers need, that effective relationships are developed with business partners and that its people are key to the successful delivery of the strategic objectives of the Company.

Recognising the importance of its stakeholders the Company conducts annual customer satisfaction and colleague satisfaction surveys, the results of which are used to help inform strategic direction setting. Many of the Company's people policies and practices have been aligned with the ultimate parent undertaking, Skipton Building Society. These policies include but are not limited to a flexible working policy, a career break policy, a carer's leave policy, a health and safety policy, an anti-bribery and corruption policy and a modern slavery policy. The Company has also aligned its procurement and supplier relationship management policies with those operated by Skipton Building Society.

In monitoring, advising and approving strategy, the Board has had regard to the factors listed in s172 of the Companies Act 2006.

Financial Performance

The directors are pleased to report a strong set of financial results despite operating through the worst global pandemic in living memory. The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006

The Key Performance Indicators for the Company are as follows:

	2020	2019	Change (%)
Client numbers	771	806	(4.3)
Profit before Taxation	£3,550,553	£3,927,923	(9.6)
Cost Income ratio	72.97%	73.40%	(0.4)
Loans & Advances to clients	£86,029,955	£97,904,141	(12.1)

Overall client numbers, 771 (2019: 806), have decreased during the financial year as both client attrition and new client take on has been adversely impacted by Government measures and periods of lockdown introduced to combat the COVID pandemic during 2020. New client take on improved during H2 2020 as Company colleagues, external brokers and prospective clients adjusted to remote working practices.

Strategic report (continued)

Loans and advances to clients, £86,029,955 (2019: £97,904,141), also decreased at the balance sheet date. This reduction is due to a combination of lower client numbers and the introduction of the varied Government support schemes. The Government support schemes provided additional short-term liquidity to clients, this additional funding has led to a decrease in average facility drawdowns during the financial year. This adverse impact is expected to unwind during 2021 as clients fully utilise the funding provided by the Government support schemes and in turn increase facility drawdowns from the Company.

Despite incurring additional expenditure to support colleagues transitioning from home working to remote working the cost income ratio has decreased by 0.43% to 72.97% (2019: 73.40%) at the balance sheet date. This reduction is due to cost control initiatives introduced following the commencement of the first UK wide Covid lockdown during H1 2020. The Company has not utilised the Coronavirus Job Retention scheme during the financial year and has no current plans to utilise it during 2021.

The results for the year ended 31 December 2020 are set out in the statement of comprehensive income on page 10. The financial position of the Company is set out in the statement of financial position on page 11. Retained profits for the financial year amounted to £2,883,530 (2019: £3,169,663).

By order of the board



J J Gibson (Company Secretary)
Skipton Business Finance Limited
The Bailey
Skipton
North Yorkshire
BD23 1DN
18 March 2021

Statement of directors' responsibilities in respect of the directors' report, the strategic report and the financial statements

The directors are responsible for preparing the directors' report, the strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or intend to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Skipton Business Finance Limited

Opinion

We have audited the financial statements of Skipton Business Finance Limited for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the Statement of cash flows and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period to 18 March 2022 which is at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements,

Independent auditor's report to the members of Skipton Business Finance Limited (continued)

we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report to the members of Skipton Business Finance Limited (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud


Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the Companies Act 2006 and Financial Conduct Authority (FCA).
- We understood how Skipton Business Finance Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance matters. We also reviewed Board committee minutes and gained an understanding of the company's approach to governance.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the controls that the company has established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud. We also considered the existence of any performance and incentive plan targets and their potential to influence management to manage earnings or influence the perceptions of investors and stakeholders.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making inquiries of legal counsel, executive management and focused testing on identified key risk areas.
- The Company operates in the financial services sector which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Steven Robb (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Leeds

18 March 2021

Statement of comprehensive income
for the year ended 31 December 2020

	Note	Year ended 2020 £	Year ended 2019 £
Interest receivable and similar income	2	3,507,484	4,532,717
Interest payable and similar charges	2	(1,303,351)	(2,390,819)
Net interest income		2,204,133	2,141,898
Fee and commission income	3	9,626,068	10,232,051
Operating income		11,830,201	12,373,949
Administrative expenses		(8,279,648)	(8,446,026)
Profit before tax	4	3,550,553	3,927,923
Income tax expense	6	(667,023)	(758,260)
Profit for the financial year		2,883,530	3,169,663
Total comprehensive income for the year		2,883,530	3,169,663

The profit for the current and comparative financial period was derived wholly from continuing operations.

The notes on pages 14 to 29 form part of these financial statements.

Statement of financial position
as at 31 December 2020

	Note	31 Dec 2020 £	31 Dec 2019 £
Current assets			
Advances to clients	9	78,885,215	97,144,750
Prepayments and accrued income		132,649	49,955
Non current assets			
Advances to clients	9	6,104,795	-
Investment in subsidiary undertaking	8	1	1
Property, plant and equipment	10	77,136	106,543
Right-of-use asset	11	242,610	341,082
Deferred tax assets	12	83,376	94,100
Total assets		85,525,782	97,736,431
Current liabilities			
Other liabilities	13	59,053,875	83,837,838
Income tax		184,192	407,295
Amounts owed to clients		17,176,075	5,407,222
Bank overdrafts and loans		1,509,625	1,287,828
		77,923,767	90,940,183
Non current liabilities			
Long term liabilities	14	362,349	599,486
Total liabilities		78,286,116	91,539,669
Equity			
Share capital	16	200,000	200,000
Retained earnings		7,039,666	5,996,762
		7,239,666	6,196,762
Total equity and liabilities		85,525,782	97,736,431

These financial statements were approved by the board of directors 18 March 2021 and signed on its behalf by:

C A Goold

C A Goold
Chairman

G M Bell

G M Bell
Managing Director

Company registration number: 4171724

The notes on pages 14 to 29 form part of these financial statements.

Statement of changes in equity
for the year ended 31 December 2020

	Share capital £	Retained earnings £	Total equity £
Balance at 1 January 2020	200,000	5,996,762	6,196,762
Total comprehensive income for the year	-	2,883,530	2,883,530
Dividends to shareholder	-	(1,840,626)	(1,840,626)
Balance at 31 December 2020	200,000	7,039,666	7,239,666
Balance at 1 January 2019	200,000	5,283,099	5,483,099
Total comprehensive income for the year	-	3,169,663	3,169,663
Dividends to shareholder	-	(2,456,000)	(2,456,000)
Balance at 31 December 2019	200,000	5,996,762	6,196,762

The notes on pages 14 to 29 form part of these financial statements.

Statement of cash flows
for the year ended 31 December 2020

	Note	Year ended 2020 £	Year ended 2019 £
Cash flows from operating activities			
Profit before tax		3,550,553	3,927,923
Adjustments for:			
Depreciation charges	10 & 11	127,879	128,514
Impairment increase/(decrease), net of write offs		280,554	(50,637)
Profit on disposal of property, plant and equipment		-	(1,783)
Interest payable and similar charges		1,303,351	2,390,819
Cash flows generated from operating activities before changes in working capital		5,262,337	6,394,836
Decrease/(Increase) in advances to clients		11,874,186	(6,487,978)
Increase in prepayments and accrued income		(82,694)	(10,938)
Increase in amounts owed to clients		11,768,853	18,263
(Decrease)/Increase in accruals and deferred income		(462,719)	357,690
Income taxes paid		(879,402)	(761,945)
Net cash (used in)/generated from operating activities		27,480,561	(490,072)
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment		-	13,434
Purchases of property, plant and equipment	10 & 11	-	(447,895)
Net cash used in investing activities		-	(434,461)
Cash flows from financing activities			
Interest payable and similar charges	2	(1,303,351)	(2,390,819)
Dividends paid	7	(1,840,626)	(2,456,000)
(Decrease)/Increase in amounts owed to group undertakings		(24,558,381)	4,726,339
Net cash generated (used in)/from financing activities		(27,702,358)	(120,480)
Net decrease in cash and cash equivalents		(221,797)	(1,045,013)
Cash and cash equivalents at 1 January		(1,287,828)	(242,815)
Cash and cash equivalents at 31 December		(1,509,625)	(1,287,828)

The notes on pages 14 to 29 form part of these financial statements.

Notes to the financial statements

1. Accounting policies

Skipton Business Finance Limited is a company incorporated and domiciled in the UK.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements:

(a) Basis of preparation

The financial statements are presented in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

(b) Adoption of new and revised International Financial Reporting Standards

During the year the Directors have adopted the following new or amended accounting standards and interpretations, all of which are effective for accounting periods starting on or after 1 January 2020 and are EU endorsed, none of which had a material impact on these financial statements:

- *Amendments to References to Conceptual Framework in IFRS Standards*;
- *Definition of a Business* (Amendments to IFRS 3);
- *Definition of Material* (Amendments to IAS 1 and IAS 8);
- *Interest Rate Benchmark Reform* (Amendments to IFRS 9, IAS 39 and IFRS 7); and
- *COVID-19-Related Rent Concessions* (Amendment to IFRS 16)

Amendments to accounting standards effective but not yet EU endorsed

The following amended standards and interpretations are not expected to have a material impact on the Company's financial statements:

- *Insurance Contracts* (IFRS17);
- *Classification of liabilities as current or non-current* (Amendments to IAS 1);
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to IFRS 10 and IAS 28); and
- IFRS 14 *Regulatory Deferral Accounts*

(c) Historical cost convention

The financial statements have been prepared under the historical cost convention.

(d) Currency presentation

The financial statements are presented in pounds sterling and, except where otherwise indicated, have been rounded to the nearest pound.

Notes to the financial statements

1. Accounting policies (continued)

(e) Going concern

The financial position of the Company and its cash flows are described in the Company Financial Statements on pages 10 to 13.

The Company's business activities are set out in the Directors' Report on page 1.

After giving due consideration to Company forecasts and objectives which take into consideration potential changes in trading conditions it is the opinion of the Directors that the Company has adequate financial resources to meet its financial obligations as they fall due for at least the next twelve month period to 18 March 2022. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully. The Directors also have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting in preparing the annual Financial Statements.

(f) Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated to the functional currency at the foreign currency exchange rate ruling at that date.

(g) Income recognition

Income, which excludes value added tax, represents total invoiced sales of the Company. Interest income on advances to clients made by the Company is recognised in the statement of comprehensive income using the effective interest rate method. The effective interest rate method applies a rate that discounts estimated future cash payments or receipts relating to a financial instrument to its net carrying amount. The cash flows take into account all contractual terms of the financial instrument including transaction costs and all other premiums or discounts but not future credit losses.

Where fee and commission income that has not been included within the effective interest rate method is earned on the execution of a particular action, such as administration fees arising from negotiating or arranging a transaction or provision of a service, it is recognised as income when that action has been completed or the service has been delivered.

(h) Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost less accumulated depreciation. Depreciation is charged so as to write off the cost of assets over their estimated useful lives on the following bases:

Office equipment	20% straight line
Motor vehicles	25% reducing balance

(i) Assets and liabilities

Assets and liabilities classified as current are expected to be realised or settled within 12 months of the reporting date. Non current assets and liabilities are expected to be realised or settled in the period 12 months after the reporting date.

Notes to the financial statements

1. Accounting policies (continued)

(j) Taxation

Income tax on the profits for the year comprises current tax and deferred tax and is recognised in the statement of comprehensive income. Current tax is the expected tax payable on the income for the year, using tax rates enacted or substantially enacted on the statement of financial position date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided using the statement of financial position liability method, which recognises temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. It is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantially enacted at the statement of financial position date.

(k) Pensions

All material pension costs are in respect of Company employees who are eligible to join the Skipton Building Society's defined contribution group personal pension plan. The Company contributes to the plan on behalf of its employees. A minimum 2% contribution is required by employees and the Company contributes an additional 2% (i.e. a minimum employer contribution of 4%), with a maximum contribution of 10% by the Company. The assets of the plan are held separately from those of the society and the Company.

A number of current and former employees were members of the Skipton Building Society (2015) Group Pension Scheme (formerly the Skipton Building Society Pension & Life Assurance Scheme). This scheme is a defined benefit scheme. The scheme was closed to future accrual with effect from 1 January 2010.

In May 2011, the Company entered into a Scheme Apportion Arrangement with the trustee of the scheme and Skipton Building Society whereby the 'Section 75 debt' of the Company was reduced to £100 with the remainder being apportioned to Skipton Building Society. The Company subsequently ceased to participate in the scheme and paid the Section 75 debt due of £100. The Company therefore has no further legal liability to pay contributions to the scheme under any circumstances.

(l) Financial instruments

Financial assets and liabilities are initially measured at fair value and subsequently at amortised cost. The Company's financial assets, previously categorised as loans and receivables under IAS 39, are categorised as amortised cost under IFRS 9, since they relate to contractual cash flows solely principal, interest and charges, with a business model objective to hold to collect contractual cash flows, and are not designated as at fair value through profit or loss. Financial liabilities are also not designated as at fair value through profit or loss.

Financial assets are derecognised when the contractual right to cash flows expires, or the financial asset is transferred to another party and the right to receive cash flows is also transferred. Where the Company judges there to be no reasonable expectation that the asset can be recovered, the related impairment loss allowance is written off once all the necessary procedures have been completed and the amount of the loss has been determined. Financial assets that are written off could still be subject to enforcement activities, and subsequent recoveries of amounts previously written off decrease the amount of impairment losses recorded in the statement of comprehensive income. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or has expired.

Notes to the financial statements

1. Accounting policies (continued)

(m) Loss allowance

The Company recognises impairment loss allowances for Expected Credit Losses (ECL's) on loans and advances to clients. ECL's are an unbiased probability weighted estimate of the present value of credit losses, taking account of forward-looking information that includes a range of possible economic outcomes. ECL's are measured as the difference between contractual cash flows and expected cashflows, discounted at the asset's effective interest rate.

IFRS 9 requires an impairment loss allowance to be recognised at an amount equal to either 12-month ECL's or lifetime ECL's. Lifetime ECL's are the ECL's that result from all possible default events over the expected life of a financial instrument. 12-month ECL's are the ECL's that result from default events that are possible within the 12 months after the reporting date.

At initial recognition a provision is recognised for 12 months of expected credit losses. These financial assets are considered to be in Stage 1. When a significant increase in credit risk since initial recognition occurs, a provision is made for the lifetime expected credit losses. These financial assets are considered to be in Stage 2. Credit risk is expected to have increased significantly when there is material evidence of significant failure of a client's debtor, contract breaches, high levels of debtor disputes, Crown Arrears, accounts in arrears or other cash flow pressures.

A financial asset will remain classified as Stage 2 until the credit risk has improved such that it no longer represents a significant increase since origination, and it will be returned to Stage 1. This transfer between staging will only occur where the affected account no longer evidences the quantitative or qualitative assessment triggers. When objective evidence exists that a financial asset is credit impaired, such as the occurrence of a credit default event or identification of an unlikeliness to pay indicator then the financial asset is considered to be in Stage 3.

Loans and Advances to clients are written off against the related provision when there are no reasonable expectations of further recovery following realisation of all associated collateral and available recovery actions against the client. Subsequent recoveries of amounts previously written off decrease the amount of impairment losses recorded in the statement of comprehensive income.

(n) Cash and cash equivalents

For the purpose of the statement of cash flows, cash comprises cash in hand and loans and advances to/from credit institutions repayable on demand, and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less. The statement of cash flows has been prepared using the indirect method.

(o) Investment in subsidiary undertaking

Subsidiaries are entities controlled by the Company. Control exists where the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are held on the statement of financial position at cost, less the value of any impairment recognised at the statement of financial position date.

(p) Consolidation

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Notes to the financial statements

Critical accounting estimates and judgments in applying accounting policies

The Company makes estimates and assumptions that affect the reported amount of assets and liabilities within the next financial year. The Company also has to make judgements in applying its accounting policies which affect the amounts recognised in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key area where estimates and judgements are made is loss allowance as detailed in Note 1 (m) above. Entities are required to use not only historical information (e.g. their credit loss experience) that is adjusted to reflect the effects of current conditions, but they are also required to consider how forecasts of future conditions would affect expected credit losses. The Company participated in the CBILS and BBLS loan scheme during the financial year, writing over £6.6m of facilities. A key area of judgement relates to the loss allowance recognised on CBILS facilities where only 80% of each facility is guaranteed by the UK Government. The Company has used both qualitative, quantitative and forward-looking information in evaluating the loss allowance attributable to this tranche of loans. In the unlikely event that the Company was unable to recover the unguaranteed portion of all CBILS facilities this would increase the level of required provision at the balance sheet date by £0.2m.

2. Net interest income

	2020 £	2019 £
Interest receivable and similar income		
Advances to clients	3,507,484	4,532,717
	3,507,484	4,532,717
Interest payable and similar charges		
Interest payable to group undertakings	1,138,428	2,223,644
Interest payable on lease liabilities	7,083	7,783
Bank charges	157,840	159,392
	1,303,351	2,390,819

3. Fee and commission income

	2020 £	2019 £
Administration fees	9,626,068	10,232,051
	9,626,068	10,232,051

4. Profit before tax

Profit before tax has been arrived at after charging:

	2020 £	2019 £
Depreciation of property, plant and equipment	29,407	41,701
Depreciation of right-of-use assets	98,471	86,813
Fees payable to the company's auditor for the audit of the company's financial statements	38,000	21,000

Notes to the financial statements

5. Staff numbers and costs

The average monthly number of persons employed by the Company during the year was as follows:

	2020	2019
Office and management	106	102
	106	102

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£	£
Wages and salaries	4,685,532	4,961,311
Social security costs	508,799	537,215
Other pension costs	348,029	294,251
	5,542,360	5,792,777

The aggregate emoluments paid to directors directly employed by the Company and to the highest paid director were as follows:

	Highest paid director		Total	
	2020	2019	2020	2019
	£	£	£	£
Directors' salaries and other benefits	178,891	175,152	449,250	556,543
Pension contributions to money purchase schemes	16,836	16,460	38,518	49,700
Bonuses and other variable remuneration	8,461	82,874	21,961	239,789
	204,188	274,486	509,729	846,032

Amounts paid to the directors of the Company in 2020 in respect of services to Skipton Business Finance Limited were £538,988 (2019: £892,754). For directors not directly employed by the Company the remuneration is paid by the ultimate parent undertaking, Skipton Building Society.

Notes to the financial statements

6. Tax expense

A reconciliation of current tax on profit on ordinary activities at the standard UK corporation tax rate to the actual income tax expense is as follows:

	2020 £	2019 £
(a) Analysis of expense in the year at 19% (2019: 19%)		
Current tax expense		
Current tax at 19% (2019: 19%)	656,192	767,295
Adjustment in respect of prior years	107	(619)
Total current tax	656,299	766,676
Deferred tax expense		
Origination and reversal of temporary differences	21,901	(8,085)
Adjustment in respect of prior years	(95)	(331)
Effect of changes in tax rates	(11,082)	-
Total deferred tax	10,724	(8,416)
Income tax expense	667,023	758,260

(b) Factors affecting income tax expense in the year

The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

Profit on ordinary activities before tax	3,550,553	3,927,923
Tax on profit on ordinary activities at UK standard rate of 19% (2019: 19%)	674,605	746,305
Effects of:		
- expenses not deductible for tax purposes	3,488	11,954
- adjustment to tax expense in respect of prior years	12	(950)
- corporation tax rate change	(11,082)	951
Income tax expense	667,023	758,260

Notes to the financial statements

7. Dividends

Amounts recognised as distributions to the equity holder in the period:

	2020 £	2019 £
Interim and final dividend for the year ended 31 December 2020 of 920.313p (2019: 1,228p) per share	1,840,626	2,456,000
	1,840,626	2,456,000

8. Investment in subsidiary undertaking

	2020 £	2019 £
At 1 January	1	1
At 31 December	1	1

The investment in subsidiary undertaking represents the acquisition at cost of the entire £1 ordinary share capital of Yorkshire Factors Limited, a dormant Company limited by shares, with its registered office at The Bailey, Skipton, North Yorkshire, BD23 1DN.

9. Advances to clients

Due within one year

	2020 £	2019 £
Advances to clients held at amortised cost	79,510,691	97,904,141
Loss allowance in respect of advances to clients	(625,476)	(759,391)
	78,885,215	97,144,750

Due after one year

	2020 £	2019 £
Advances to clients held at amortised cost	6,519,264	-
Loss allowance in respect of advances to clients	(414,469)	-
	6,104,795	-

Total

	2020 £	2019 £
Advances to clients held at amortised cost	86,029,955	97,904,141
Loss allowance in respect of advances to clients	(1,039,945)	(759,391)
	84,990,010	97,144,750

Notes to the financial statements

9. Advances to clients (continued)

The table below provides information on movements in the gross carrying amount of advances to clients during the period.

	2020			
	Stage 1 £	Stage 2 £	Stage 3 £	Total £
Gross carrying amount as at 1 January	95,256,600	2,647,541	-	97,904,141
Changes in the gross carrying amount:				
Transfers from stage 1 to stage 2	(3,436,055)	3,436,055	-	-
Transfers from stage 2 to stage 1	1,691,273	(1,691,273)	-	-
Transfers from stage 2 to stage 3	-	(210,851)	210,851	-
Transfers from stage 3 to stage 1	22,772	-	(22,772)	-
Increase due to origination	32,475,171	175,521	-	32,650,692
Decrease due to repayments	(44,294,864)	(41,935)	-	(44,336,799)
Decrease due to write-offs	-	-	(210,851)	(210,851)
Other adjustments	-	-	22,772	22,772
Gross carrying amount as at 31 December	81,714,897	4,315,058	-	86,029,955

	2019			
	Stage 1 £	Stage 2 £	Stage 3 £	Total £
Gross carrying amount as at 1 January	87,542,547	3,873,616	-	91,416,163
Changes in the gross carrying amount:				
Transfers from stage 1 to stage 2	(1,896,195)	1,896,195	-	-
Transfers from stage 2 to stage 1	2,745,135	(2,745,135)	-	-
Transfers from stage 2 to stage 3	-	(211,688)	211,688	-
Transfers from stage 3 to stage 1	9,117	-	(9,117)	-
Increase due to origination	35,917,690	-	-	35,917,690
Decrease due to repayments	(29,061,694)	(165,447)	-	(29,227,141)
Decrease due to write-offs	-	-	(211,688)	(211,688)
Other adjustments	-	-	9,117	9,117
Gross carrying amount as at 31 December	95,256,600	2,647,541	-	97,904,141

Notes to the financial statements

9. Advances to clients (continued)

The table below provides information on movements in the loss allowance for advances to clients during the period.

	2020			
	Stage 1 £	Stage 2 £	Stage 3 £	Total £
Loss allowance as at 1 January	9,117	759,391	(9,117)	759,391
Changes due to changes in credit risk:				
Transfers from stage 1 to stage 2	-	998,238	-	998,238
Transfers from stage 2 to stage 1	81,715	(559,461)	-	(477,746)
Transfers from stage 2 to stage 3	-	(210,851)	210,851	-
Transfers from stage 3 to stage 1	22,772	-	(22,772)	-
Remeasurements within existing stage	-	(29,087)	-	(29,087)
Decrease due to repayments	(9,117)	-	9,117	-
Decrease due to write-offs	-	-	(210,851)	(210,851)
Loss allowance as at 31 December	104,487	958,230	(22,772)	1,039,945

	2019			
	Stage 1 £	Stage 2 £	Stage 3 £	Total £
Loss allowance as at 1 January	-	810,028	-	810,028
Changes due to changes in credit risk:				
Transfers from stage 1 to stage 2	-	630,903	-	630,903
Transfers from stage 1 to stage 3	9,117	-	(9,117)	-
Transfers from stage 2 to stage 1	-	(454,477)	-	(454,477)
Transfers from stage 2 to stage 3	-	(211,688)	211,688	-
Remeasurements within existing stage	-	(15,375)	-	(15,375)
Decrease due to write-offs	-	-	(211,688)	(211,688)
Loss allowance as at 31 December	9,117	759,391	(9,117)	759,391

All advances to clients arise in the United Kingdom therefore segmental analysis has not been provided. Collateral held consists primarily of client invoices notified to the Company. The Company has assessed the loss allowance requirements under IFRS 9 and concluded that there is no loss allowance required on cash and cash equivalents.

The movement in the loss allowance in respect of advances to clients during the year was as follows:

	2020 £	2019 £
At 1 January	(759,391)	(810,028)
Increase in loss allowance during the year	(491,405)	(161,051)
Amounts written off during the year	210,851	211,688
At 31 December	(1,039,945)	(759,391)

At 31 December 2020 the Company held a loss allowance of £1,039,945 in respect of ECLs on advances to clients.

Notes to the financial statements

10. Property, plant and equipment

	Office equipment £	Motor vehicles £	Total £
Cost			
At 1 January 2020	137,465	172,647	310,112
Additions	-	-	-
Disposals	(3,112)	-	(3,112)
At 31 December 2020	134,353	172,647	307,000
Accumulated depreciation and impairment			
At 1 January 2020	130,920	72,649	203,569
Depreciation charge for the year	4,408	24,999	29,407
Eliminated on disposals	(3,112)	-	(3,112)
At 31 December 2020	132,216	97,648	229,864
Carrying amounts			
At 1 January 2020	6,545	99,998	106,543
At 31 December 2020	2,137	74,999	77,136

	Office equipment £	Motor vehicles £	Total £
Cost			
At 1 January 2019	137,910	193,799	331,709
Additions	-	20,000	20,000
Disposals	(445)	(41,152)	(41,597)
At 31 December 2019	137,465	172,647	310,112
Accumulated depreciation and impairment			
At 1 January 2019	123,110	68,704	191,814
Depreciation charge for the year	8,255	33,446	41,701
Eliminated on disposals	(445)	(29,501)	(29,946)
At 31 December 2019	130,920	72,649	203,569
Carrying amounts			
At 1 January 2019	14,800	125,095	139,895
At 31 December 2019	6,545	99,998	106,543

Notes to the financial statements

11. Right-of-use asset

	Land and buildings £
Cost	
At 1 January 2020	427,895
Additions	-
At 31 December 2020	427,895
Accumulated depreciation and impairment	
At 1 January 2020	86,813
Depreciation charge for the year	98,472
At 31 December 2020	185,285
Carrying amounts	
At 1 January 2020	341,082
At 31 December 2020	242,610
	Land and buildings £
Cost	
Day 1 impact of adopting IFRS16	262,956
At 1 January 2019	262,956
Additions	164,939
At 31 December 2019	427,895
Accumulated depreciation and impairment	
At 1 January 2019	-
Depreciation charge for the year	86,813
At 31 December 2019	86,813
Carrying amounts	
At 1 January 2019	262,956
At 31 December 2019	341,082

Notes to the financial statements

12. Deferred tax assets

The movement on the deferred tax account is as shown below:

	2020	2019
	£	£
At 1 January	94,100	85,684
Income statement charge	(10,724)	8,416
At 31 December	83,376	94,100

Deferred tax assets are attributable to the following:

	2020	2019
	£	£
Long term liabilities	66,795	80,390
Accelerated tax depreciation	16,581	13,710
	83,376	94,100

The deferred tax assets are considered to be recoverable in full.

The UK Government announced on 3 March 2021 its intention to increase the UK rate of corporation tax to 25% from 19% from 1 April 2023. As this rate was not substantively enacted at the year end, deferred tax has been calculated based on the prevailing rate of 19%. The estimated/maximum impact of the new 25% rate on the deferred tax asset would be an increase of £26,330.

13. Other liabilities

	2020	2019
	£	£
Amounts owed to group undertakings	58,043,410	82,601,791
VAT	258,084	274,343
Accruals	653,425	864,631
Lease liabilities	98,956	97,073
	59,053,875	83,837,838

The Company's financial liabilities comprise amounts owed to group undertakings and bank overdrafts and loans and are repayable on demand.

Notes to the financial statements

14. Long term liabilities

	2020 £	2019 £
Accruals	213,294	351,475
Lease liabilities	149,055	248,011
	362,349	599,486

The above fall due within one to five years.

15. Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability of another entity.

Financial instruments are initially measured at fair value and subsequently at amortised cost, under IFRS 9, since they relate to contractual cash flows solely principal, interest and charges, with a business model objective to hold contractual cash flows and are not designated as at fair value through profit or loss.

The financial risks faced by the Company include interest rate risk, credit risk and liquidity risk.

Interest rate risk

Interest rate risk is the risk of loss arising from adverse movements in market interest rates. Interest rate risk is managed by the Company's ultimate parent, Skipton Building Society, on a group basis, and full details for the group are contained within the group annual report and accounts. The Company's exposure to interest rate movements is mitigated by linking financial assets and liabilities to the same base rate.

Credit risk

The Company is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due, and makes an allowance for expected losses as set out in note 1(m). Management carefully manages its exposure to credit risk through rigorous due diligence controls and procedures, close client relationships and regular client account monitoring, enhanced by individual debtor exposure monitoring (concentration limits) and credit assessment via third party credit reference agencies to set appropriate debtor exposures. The carrying amount of advances to clients represents the maximum credit exposure.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk is managed by the Company's ultimate parent, Skipton Building Society, on a group basis, and full details for the group are contained within the group annual report and accounts. Liquidity is managed at Company level by monitoring the Company's internal funding requirements to ensure sufficient funds are available for projected business needs.

The Company's financial liabilities are represented by amounts due to the ultimate parent and bank overdrafts and loans, which are repayable on demand as disclosed in note 13. Consequently no table of gross contractual cash flows has been disclosed.

16. Share capital

	2020 £	2019 £
Issued and fully paid		
200,000 ordinary A shares of £1 each	200,000	200,000
	200,000	200,000

Notes to the financial statements

17. Management of capital

Capital is considered to be the audited retained earnings and ordinary share capital in issue.

	2020 £	2019 £
Capital		
Ordinary share capital	200,000	200,000
Retained earnings	7,039,666	5,996,762
	7,239,666	6,196,762

Company objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company is not subject to externally imposed capital requirements other than the minimum share capital required by the Companies Act 2006, with which it complies.

The period end capital position is reported to the board of directors on a monthly basis. The capital position is also given due consideration when corporate plans are prepared, calculating the future levels based upon the five year financial forecast.

Notes to the financial statements

18. Related party transactions

The Company has related party relationships with other entities within the Skipton Group as detailed below. All such transactions are priced on an arm's length basis.

		2020		2019
	Ultimate parent undertaking £	Other £	Ultimate parent undertaking £	Other £
(a) Net interest and purchase of goods and services				
Funding interest paid and accrued	1,138,428	-	2,223,644	-
Office rental and other support services	361,195	-	366,621	-
	1,499,623	-	2,590,265	-
(b) Outstanding balances				
Payable to related parties	58,043,410	-	82,601,791	-
	58,043,410	-	82,601,791	-
(c) Key management compensation				
Salaries and other employee benefits	-	471,212	-	785,248
Post employment benefits	-	38,518	-	49,700
	-	509,730	-	834,948

Key management personnel comprise Messrs G M Bell, A P Grantham and A D Hill to whom retirement benefits are accruing under money purchase schemes in respect of qualifying services. The Company was recharged £35,224 (2019: £34,198) in respect of director services provided by Skipton Building Society.

There are no provisions in respect of sales of goods and services to related parties, either as at 31 December 2019 or as at 31 December 2020.

The Company is part of the group banking arrangements involving the pooling of funds with other group companies.

19. Ultimate parent undertaking

The Company is a 100% owned subsidiary of Skipton Group Holdings Limited. The ultimate parent undertaking is Skipton Building Society, which is registered in the United Kingdom. A copy of the group annual report and accounts into which the results of this Company are consolidated is available from:

The Secretary
Skipton Building Society
The Bailey
Skipton
North Yorkshire
BD23 1DN